

Biosolids Funding Work Group July 26, 2012 Meeting Summary

Participants:

Richard Beardslee, Battle Creek WWTP
Jeanette Best, City of Saginaw WWTP (conference call)
Rodney Clifton, Battle Creek WWTP
Ed Klopf, City of Midland WWTP
Ric Falardeau, DEQ
Joe Goergen, Genesee County WWS
Kim Hackbardt, Grand Valley Regional Biosolids Authority
Phil Hoyt, BioTech Agronomics
Richard Kane, Delta Township WWTP
Steve Mahoney, MDARD
Greg Merricle, DEQ
Tom Morrissey, Delta Township WWTP
Jeff Ranes, Delhi Township
Pete Ostlund, DEQ
Mike Person, DEQ
Kari Saganski, Michigan Water Environment Association (conference call)
Liane Shekter Smith, DEQ
Steve Sliver, DEQ
Kathy Tetzlaff, DEQ
James Urbanik, City of Detroit Water and Sewer
Mike Wetzel, Kalamazoo Wastewater Treatment Plant

Meeting Materials:

- June 7, 2012 Draft Meeting Summary
- DEQ Funding History
- DEQ Staffing History
- Resource Management Division Average Cost of an FTE
- Biosolids Fee Calculation for FY12
- Biosolids Program Summary
- Quality of Life Group Fiscal Year 12 GF/GP Budget
- Biosolids Field Staff Workload Analysis Estimate
- Biosolids Tonnage - 2001 to 2011
- FY11 Biosolids Inspections by District

Meeting Summary Notes:

- Each participant introduced themselves. Pete Ostlund, DEQ Water Resources Division (WRD) was introduced and there was a discussion on

a proposal under consideration by the Director to move the DEQ biosolids program back to the WRD effective 10/1/12. No final decision has been made yet on the proposal.

- There were no comments or revisions to the June 7 draft meeting summary.
- The work group's Web page is now active and the DEQ will post meeting materials on the Web as they become available.
- The DEQ Program Staffing History Chart, Funding History and Quality of Life Group Fiscal Year 2012 GF/GP Budget charts were presented. An explanation was provided that overall DEQ staffing has been reduced from 1461 in Fiscal Year (FY) 97 to 1104 in FY 12 while general fund dollars to the DEQ have been reduced from \$101 million in FY 02 to \$21.5 million in FY 12.
- The Biosolids Program Summary table that shows the program expenditures and revenues from FY 10 through what is anticipated in FY14 was explained. FY 11 and FY 12 entries include both budgeted and adjusted amounts to give an accurate picture of true program costs. With the MDNR/DEQ reorganization and change in administrative sections a problem was identified late into the fiscal year where costs were going to exceed available biosolids funds. Nearly \$170,000 was transferred from another program's fund to cover those costs, and that amount was added to the fee calculation for this fiscal year.
- A table was presented that demonstrates all the costs associated with supporting an FTE in FY 12 which totals \$156,252. With the loss of general funds, overhead costs have been included in the costs to support an FTE. Also an additional cost of \$6,384 for other post employment benefits (OPEB) was included in the FTE calculation to cover employee retiree health benefits. The current fee does not support this higher FTE cost.
- The 2001 to 2011 Biosolids Tonnage Chart was discussed. During the previous workgroup meeting, a reduction in land applied tonnage in FY 10 and FY 11 was noted. A question was raised was the reduction reflective of a trend away from land application or was it more indicative of less lagoon cleanings or wastewater treated. The Biosolids Tonnage Chart reflects the reported tonnage for all landfilled, incinerated and land applied biosolids from FY 2001 to 2011. This chart appears to demonstrate similar fluctuations in all tonnages during the 10 year reporting period.
- There was a discussion on ways to save overall costs of implementing the biosolids program. The need for the biosolids field staff to continue to conduct as many facility inspections was questioned and discussed. It

was noted that the US EPA sets the standards for inspections each year and the state uses that as a starting point for work plans.

- One option is for the DEQ to eliminate the program. It is delegated by the US EPA separately from other programs. If abandoned by the DEQ, the biosolids program would revert back to the US EPA. The program is an area of “disinvestment” for the US EPA in FY 2013, and would not get the degree of oversight currently provided by the DEQ and MDARD.
- A question was asked that under the current funding formula, and anticipated reported tonnage in FY12, how many FTEs could be supported. A hypothetical calculation was presented that assumed if 80,000 dry tons were reported, it would result in an approximately \$10.81 dry ton fee. That would theoretically cover around 5 FTEs, which would amount to approximately 4.25 FTEs field staff and 0.75 FTE to cover DEQ overhead and department costs.
- A suggestion was put forth to consider assessing fees for the Part 115 waste residuals that are presently beneficially reused under an Agricultural Use Approval (AUA). Currently, there are no specific tonnage fees assessed to residuals that are land applied under an AUA. Assessed fees would cover the FTE costs of the current biosolids field staff but would mean that part of their activities be devoted to the AUA program. While there is a need for more DEQ involvement in that program and it dovetailed nicely with the biosolids program field staff, there was opposition expressed to having staff that were not devoted exclusively to the biosolids program.
- Concern was expressed regarding opening up Part 31 to change how the program is funded. The DEQ was asked to evaluate the implications of not changing the funding and instead adjusting staffing to match the level of funding under the current fee.
- There was discussion as to possible ways the generators might assist in lowering the overall costs for program administration, and the DEQ was asked to let the group know of any specific recommendations at the next meeting.
- There was a discussion on the need for future workgroup meetings. The next meeting is scheduled for August 9, 2012. One of the purposes of that meeting will be to more closely examine issues with the current funding formula.